CAMBRIDGE LEASEHOLDS LIMITED

INTERIM REPORT

for the six months ended
November 30, 1968

DIRECTORS AND OFFICERS:

CHARLES L. TABACHNICK
President and Director

MORRIS TABACHNICK
Director

EDMOND G. ODETTE
Director

DONALD J. WILKINS
Director

JAMES N. BARTLET, Q.C.
Secretary and Director

DAVID A. KING
Vice-President

RONALD G. ELLINGWOOD, C.A.
Treasurer and Assistant Secretary

DOUGLAS C. WOOLLEY, Q.C.
Assistant Secretary

HEAD OFFICE:

586 OUELLETTE AVENUE
WINDSOR, ONTARIO
(519) 252-5743

TORONTO OFFICE:

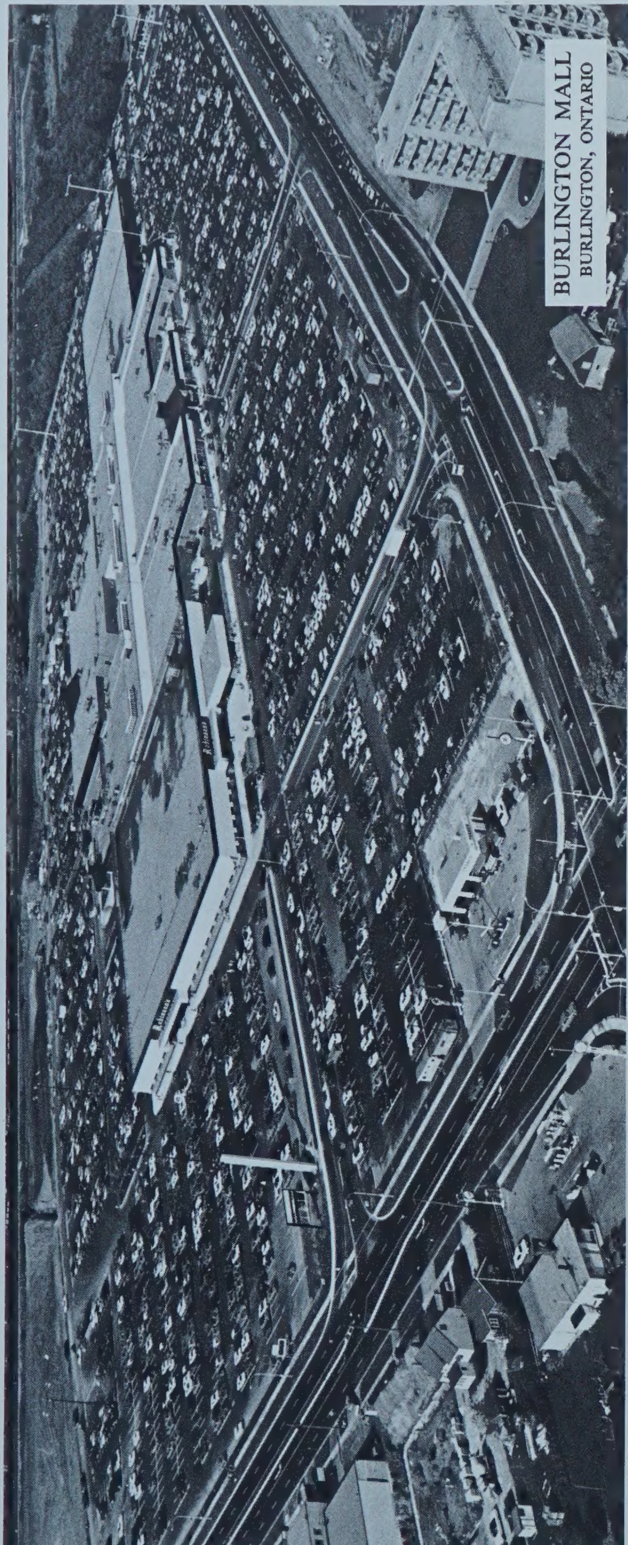
KING EDWARD SHERATON HOTEL
21 KING STREET EAST
(416) 364-4527

LOCATIONS OF PROPERTIES:

BURLINGTON, ONTARIO
FREDERICTON, NEW BRUNSWICK
KITCHENER, ONTARIO
MONCTON, NEW BRUNSWICK
OTTAWA, ONTARIO
ST. JOHN, NEW BRUNSWICK
SAULT STE. MARIE, ONTARIO
WHITBY, ONTARIO
WINDSOR, ONTARIO (4)

Under construction:
ST. CATHARINES, ONTARIO
WINDSOR, ONTARIO (DEVONSHIRE)

TOTAL LEASEABLE AREA OF ALL PROPERTIES—2,152,000 SQUARE FEET



BURLINGTON MALL
BURLINGTON, ONTARIO

TO THE SHAREHOLDERS:

In presenting this first report since becoming a public company, we welcome all new shareholders and thank you for your confidence.

Your Company has enjoyed a 27% increase in rental income for the six months ended November 30, 1968 as compared with a like period in 1967. The comparable figures are $1,287,575. and $1,016,954. Net earnings increased by 77% from $95,588. to $169,443.

It is gratifying to report that our Burlington Mall shopping centre opened as scheduled on October 16, 1968. Tenant sales, on which rental income is based, are beyond expectation to date and while this report reflects only 45 days of operation, it is reasonable to anticipate additional income from percentage rentals above the minimum rentals during the first full year of operation.

Construction has begun on our Kmart Plaza in St. Catharines, Ontario and preliminary steps are being taken for the development of community-type shopping centres in Belleville, Ontario and Charlottetown, Prince Edward Island.

Cambridge owns 50% of Regional Shopping Centres Limited which in turn owns the Devonshire Windsor shopping centre now being developed by Cambridge in Windsor, Ontario. Contracts have been let for site services and architects are proceeding with working drawings for the project. This will be an enclosed mall regional centre containing over 500,000 square feet of stores. Leasing is well advanced and a planned opening date of August, 1970 has been established. Substantial leasing commissions will accrue to Cambridge and will be taken into income as the project progresses.

A first step has been taken toward the development of a commercial and light industrial park on 45 acres owned by Regional adjacent to Devonshire Windsor. Twelve acres have been sold to Union Gas Company of Canada, Limited for the construction of a $1,500,000. office and maintenance centre.

Our net earnings for the second half of the year will be significantly higher because of: the operation of the Burlington Mall during the whole period, substantial savings in interest by reason of the reduction of debts out of the proceeds of the recent share issue, and the anticipated profit of approximately $140,000. on the completion of the sale of land adjacent to Burlington Mall. The intended use of this land is the construction of town houses and Cambridge has retained design control.

The development of a broader management base and the infusion of additional capital from the recent sale of shares has given your Company a momentum which will be expressed in continued growth of assets, rental income and net earnings.

CHARLES L. TABACHNICK
President

January 20, 1969

CAMBRIDGE LEASEHOLDS LIMITED

INTERIM STATEMENT OF EARNINGS

Six months ended November 30, 1968 (with 1967 comparative figures)

	1968	1967
INCOME		
Rentals	$1,287,575	$1,016,954
Management fees	8,333	
	1,295,908	1,016,954
EXPENSES		
Property operating expenses	313,131	263,139
Interest on mortgages	564,151	449,682
Depreciation and amortization	128,891	99,004
General and administrative (including interest of $29,564. in 1968 and $31,458. in 1967)	120,292	109,541
	1,126,465	921,366
NET EARNINGS (Note 1)	$ 169,443	$ 95,588
EARNINGS PER SHARE (Note 2)	17¢	9¢

NOTE 1—We have not provided for taxes on income as none are currently payable. Were we to provide for income taxes on the 1968 earnings, the provision would be $83,000.

NOTE 2—Based on 1,022,500 shares now outstanding.

SOURCE AND APPLICATION OF FUNDS

Six months ended November 30, 1968

SOURCE OF FUNDS	
Net earnings for the period	$ 169,443
Depreciation and amortization	128,891
	298,334
Mortgage principal payments	188,982
Funds provided from operations	109,352
New mortgage funds	5,590,000
Proceeds of share issue	1,163,591
	$6,862,943
APPLICATION OF FUNDS	
Increased investment in properties	4,493,291
Reduction of construction indebtedness	1,112,518
Retirement of long-term debt	876,134
	$6,481,943
INCREASE IN WORKING CAPITAL	$ 381,000

Subject to year-end audit and adjustments

File

Preliminary Prospectus dated September 5, 1968. № 192

No Securities Commission or similar authority in Canada has in any way passed upon the merits of the securities offered hereunder and any representation to the contrary is an offence.

This is a preliminary prospectus relating to these securities, a copy of which has been filed with the Securities Commission in each of the provinces of Ontario, Alberta and Saskatchewan but which has not yet become final for the purpose of a primary distribution to the public. Information contained herein is subject to completion or amendment. These securities may not be sold to, nor may offers to buy be accepted from, residents of such provinces prior to the time of receipt for the final prospectus is obtained from the appropriate Securities Commission.

New Issue

Cambridge Leaseholds Limited

(Incorporated under the laws of the Province of Ontario)

150,000 Shares

(without par value)

There is at present no public market for the securities offered hereby and the price thereof was determined by negotiation.

Transfer Agent and Registrar

The Canada Trust Company

Halifax, Montreal, Toronto, Winnipeg, Calgary and Vancouver

	Price to Public	Underwriter's Commission	Proceeds to the Company (1)
Per share	$ ●	$ ●	$ ●
Total	$ ●	$ ●	$ ●

(1) Before deduction of expenses of issue, estimated at $22,000.

We, as principals, offer these shares subject to prior sale if, as and when issued by the Company and accepted by us and subject to the approval of all legal matters on behalf of the Company by Messrs. Blake, Cassels & Graydon, Toronto, Ontario, and on our behalf by Messrs. Blackwell, Hilton, Treadgold & Spratt, Toronto, Ontario.

Subscriptions will be received subject to rejection or allotment in whole or in part and the right is reserved to close the subscription books at any time without notice. It is expected that certificates will be available for delivery on or about October ●, 1968.

FRY & COMPANY LIMITED

BOX 50

TORONTO-DOMINION CENTRE

TORONTO

TELEPHONE: 866-3700 TELEX: 02-29008

Purchasers' Statutory Rights of Withdrawal and Rescission

Sections 63 and 64 of The Securities Act, 1966 (Ontario), sections 70 and 71 of The Securities Act, 1967 (Saskatchewan) and sections 63 and 64 of The Securities Act, 1967 (Alberta) provide, in effect, that where a security is offered to the public in the course of primary distribution:

(a) a purchaser will not be bound by a contract for the purchase of such security if written or telegraphic notice of his intention not to be bound is received by the vendor not later than midnight on the second business day after the prospectus or amended prospectus offering such security is received or is deemed to be received by him or his agent; and

(b) a purchaser has the right to rescind a contract for the purchase of such security, while still the owner thereof, if the prospectus or any amended prospectus offering such security contains an untrue statement of a material fact or omits to state a material fact necessary in order to make any statement therein not misleading in the light of the circumstances in which it was made, but no action to enforce this right can be commenced by a purchaser after the expiration of 90 days from the later of the date of such contract or the date on which such prospectus or amended prospectus is received or is deemed to be received by him or his agent.

Sections 61 and 62 of the Securities Act, 1967 (British Columbia) provide in effect that, where a security is offered to the public in the course of primary distribution, a purchaser has the same right of rescission described in (b) above and also that a purchaser has a right to rescind a contract for the purchase of a security, while still the owner thereof, if a copy of the last prospectus, together with financial statements and reports and summaries of reports relating to the securities as filed with the British Columbia Securities Commission, was not delivered to him or his agent prior to delivery to either of them of the written confirmation of the sale of the securities. Written notice of intention to commence an action for rescission must be served on the person who contracted to sell within 60 days of the date of delivery of the written confirmation, but no action shall be commenced after the expiration of three months from the date of service of such notice.

Reference is made to the said Acts for the complete texts of the provisions under which the foregoing rights are conferred and the foregoing summary is subject to the express provisions thereof.

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The Company

Cambridge Leaseholds Limited (the "Company"), a property investment company, was incorporated under the laws of the Province of Ontario by Letters Patent dated September 19, 1960. By Supplementary Letters Patent dated September 5, 1968, the Company was converted into a public company and changes in its capital structure were effected so that the authorized capital of the Company consists of 1,500,000 shares without par value. The head office and principal office of the Company is located at 586 Ouellette Avenue, Windsor, Ontario.

History

The Company was founded by Morris and Charles Tabachnick of Windsor and has been a private company owned by the Tabachnick and Odette families. The Tabachnicks have been engaged in the field of real estate development and the management of office buildings and other commercial properties since 1951. Charles Tabachnick, the chief executive officer of the Company, is engaged on a full time basis in the management of the Company. Louis L. and Edmond G. Odette, who are both actively engaged as senior officers of Eastern Construction Company Limited ("Eastern") have taken a continuing interest in the Company's affairs and have provided valuable assistance to the Company. Eastern has been the general contractor for substantially all of the construction undertaken by the Company.

The Company's first shopping centre was opened in August, 1962 in Windsor. Since that time, the Company has developed and owns eight additional community shopping centres located in Ontario and New Brunswick and two urban retail developments located in Windsor, Ontario. On October 16, 1968, the Company will open the Burlington Mall, a regional shopping centre in Burlington, Ontario.

In addition, the Company is planning and will develop and manage a regional shopping centre in Windsor, Ontario for the owner, Regional Shopping Centres Limited, a company in which Cambridge Leaseholds Limited is acquiring a 50% interest. The Company also owns or holds options on certain other properties described below under the caption "Future Development".

Business of the Company

General

In carrying on its shopping centre business the Company has been closely associated with the promotional department store industry. The Company proposes to develop and own additional community shopping centres while also engaging further in the field of regional shopping centres.

All properties presently owned and operated by the Company are fully leased and the Company has been in this 100% occupancy position almost continuously throughout its history.

The value of the Company's revenue-producing properties, the gross leaseable area and the gross rental income during the past five fiscal years and as of August 31, 1968 were as follows:

	For the year ended May 31					As of August 31
	1964	1965	1966	1967	1968	1968(1)
Revenue-Producing Properties (at cost)	$5,364,977	6,460,536	9,842,219	15,935,567	17,887,687	25,337,687
Gross Leaseable Area (sq. ft.)	453,250	567,750	820,400	1,244,150	1,381,430	1,691,430
Gross Rental Income	$ 747,350	966,441	1,093,397	1,605,994	2,112,046	—
Annual Rental Income Secured by Leases						$3,316,047

(1) Includes Burlington Mall shopping centre which will open on October 16, 1968.

Major Tenants

All major leases in the community shopping centres and the urban retail developments owned by the Company are for terms of 20 to 25 years from their original date. The total minimum annual rental income

currently payable to the Company under all existing leases on such properties is $2,212,000. About 88% of the minimum annual rental income is derived from the following nationally known tenants:

S. S. Kresge Company, Limited,
Steinberg's Limited,
F. W. Woolworth Co. Limited,
Dominion Stores Limited,
Loblaw Groceterias Co. Limited
Reitman's (Ontario) Limited,
Agnew-Surpass Shoe Stores Limited,
Maher Shoes Limited,
G. Tamblyn Limited,
Peoples Credit Jewellers Limited,
Famous Players Canadian Corporation Limited,
Household Finance Corporation of Canada,
Seaboard Finance Company of Canada Limited,
Allstate Insurance Company,
Brewers' Warehousing Company Limited,
Co-operators Insurance Association,
New Brunswick Liquor Control Commission,
Western Tire and Auto Supply Limited, and
Three Canadian chartered banks.

Community Shopping Centres

Each of the community shopping centres owned by the company has a promotional department store as a major tenant and also contains a food store and in most cases, a number of smaller shops and services to complement the department store. These nine centres encompass approximately 1,100,000 square feet of gross leaseable area on 173 acres of land. Each centre is strategically located to serve a large urban area and is situated in or adjacent to a major city in the Provinces of Ontario and New Brunswick.

The Company has served since its inception as a major developer in Canada for the K mart division of S. S. Kresge Company, Limited.

The following is a list of the locations of these community centres:

Gateway Plaza, Dougall Road, Windsor, Ontario
K mart Plaza, Tecumseh Road East, Windsor, Ontario
K mart Plaza, No. 8 Highway, Waterloo Township (Kitchener)
K mart Plaza, No. 2 Highway, Whitby, Ontario
K mart Plaza, Northern Avenue, Sault Ste. Marie, Ontario
K mart Plaza, Fairville Boulevard, Saint John, New Brunswick
K mart Plaza, Mountain Road, Moncton, New Brunswick
K mart Plaza, Merivale Road, Ottawa, Ontario
K mart Plaza, Smythe Street, Fredericton, New Brunswick.

Each community shopping centre may be expanded both by an increase in the size of the department store and by the construction of additional retail and service type stores without the necessity of providing additional parking. Three centres also contain undeveloped land totalling 24 acres which will permit further development of these centres.

Urban Retail Developments

The downtown commercial developments consist of a 200,000 square foot, single-tenancy Steinberg's Miracle Mart Department Store and Food Store located on a site of approximately 2½ acres on Goyeau Street in Windsor, Ontario and a retail and parking complex located in the heart of the downtown business and commercial district of Windsor covering 27,000 square feet.

Regional Shopping Centres

The trend in the retailing industry is toward the regional type of shopping centre. By definition, a regional centre should be capable of attracting people and their trade from a wide and densely populated area. To accomplish this it must present a great number of merchant types and an even greater range of merchandise selection.

The Company is experienced in this field and intends to devote a substantial part of its future efforts to this area of the business.

Burlington Mall

Location

Burlington Mall shopping centre ("Burlington Mall") is a regional shopping centre. It is located on 47 acres of land immediately south of the Queen Elizabeth Way at the Guelph Line Road in the Town of Burlington, Ontario. It will serve 500,000 people living in the Golden Horseshoe area comprised of Hamilton, Burlington, Oakville and surrounding communities and will be the only enclosed-mall regional shopping centre in the Metropolitan Hamilton area when it officially opens on October 16, 1968. Access to the centre is facilitated by two major existing expressways and a network of arterial roads. Paved parking facilities will provide for approximately 3,300 cars. The Company owns a contiguous parcel of approximately seven acres which is intended to be used for future development of the centre.

The Mall

The Burlington Mall will be a complete shopping community offering the shopper an entire range of merchandise selection and customer services and will contain two large department stores, a food supermarket, a dual-auditorium theatre, 40 other retail stores including, drug, apparel, jewellery, furniture and specialty stores, and 13 other tenants offering complementary services to shoppers including dining, banking, barber and beauty facilities. The total building area is in excess of 450,000 square feet. All of the stores are adjacent to enclosed climate controlled malls which provide comfortable shopping in any weather. The two major occupants are Simpsons-Sears Limited ("Simpsons-Sears") and The G. W. Robinson Company Limited ("Robinsons").

Simpsons-Sears

The Company has sold to Simpsons-Sears 12 acres of land in the Burlington Mall on which Simpsons-Sears has constructed its own department store and automotive centre, having a combined floor area of approximately 100,000 square feet. In addition, Simpsons-Sears has constructed a paved parking area to accommodate 800 automobiles and completely maintains its own store and parking area and contributes to the cost of operating the enclosed malls. The Company will receive no rental income from Simpsons-Sears.

Simpsons-Sears is a member of the Burlington Mall Merchants' Corporation ("the Association"). Both the Company and Simpsons-Sears have agreed to operate their respective interests in Burlington Mall for a period of 35 years, and each enjoys mutual rights of access over the other's property during that period.

Robinsons

Robinsons' department store contains approximately 103,000 square feet and is leased from the Company for a term of 30 years. Robinsons is a wholly owned subsidiary of Owen Owen (Canada) Limited which in turn is a wholly owned subsidiary of Owen Owen Limited of Liverpool, England. The Robinsons lease is guaranteed by Owen Owen Limited and requisite Bank of England consent has been obtained for the giving of this guarantee.

Leases

The shopping centre is completely leased. It is anticipated that the major tenants and the bulk of the other tenants will be open for business on the official opening date and all premises are expected to be in

operation before the end of 1968. The total minimum annual rental income payable to the Company under leases in Burlington Mall is approximately $1,032,000 of which three-quarters is derived from well known chain store tenants including Robinsons.

All retail leases and many of the service store leases contain a volume percentage clause requiring payment of additional rental if sales exceed a specified level in each case. All leases contain a clause requiring the tenants to pay any increase in municipal taxes over a base amount stated in each lease. Direct operating expenses of the shopping centre including repairs and replacements, except structural repairs, are borne entirely by the tenants on a pro-rata basis. The effect of these various clauses is to substantially eliminate the exposure of the Company to increases in operating costs and at the same time to permit the Company to share in the sales revenue of each tenant after a certain level of sales has been reached.

Construction Costs and Expenses

The total cost to completion of Burlington Mall including a fixed price construction cost of $5,630,000, land and all other costs will be approximately $7,425,000.

Operating expenses to be borne by the Company are estimated at $115,000 per year. These expenses include the payment of base taxes under tenants' leases, insurance premiums, structural maintenance and repair costs, the cost of maintaining an office on the premises which will be staffed by a manager and secretary and the Company's estimated annual contribution to the Association.

Burlington Mall Merchants' Corporation

All tenants, Simpsons-Sears and the Company are members of Burlington Mall Merchants' Corporation which joins all together for the common goals of business success and good citizenship within the market served. The major purpose of this Association is to promote the shopping centre as a whole and to co-ordinate and regulate the activities of the tenants for their mutual benefit. The Company believes that the Association is essential to maximize the profitability of its shopping centre investment.

Future Development

The Company is continuing its expansion program. In line with this policy, the Company now has the following projects in various stages of development:

Devonshire Windsor

The Company is acquiring a 50% interest in Regional Shopping Centres Limited ("Regional") which was formed in 1968 and which has exercised an option to purchase a 119 acre site on Howard Avenue in the City of Windsor, Ontario, approximately 60 acres of which will be developed as a regional shopping centre to be known as "Devonshire Windsor". The remaining land will be retained by Regional for future uses compatible with and complementary to this shopping centre development.

Simpsons-Sears has agreed to purchase 15 acres of the shopping centre site on which they will construct a department store and automotive centre containing in total approximately 190,000 square feet of floor area. Simpsons-Sears will also construct and maintain their own parking area. Regional and Simpsons-Sears have entered into a 35-year agreement which, among other things, provides for mutual rights of access over each other's lands.

Pursuant to an agreement with Regional dated August 28, 1968, the Company will provide all services relating to the development, leasing and continuing management of Devonshire Windsor for which the the Company will receive development, leasing and management fees as provided in the said agreement.

Architects and other consultants have been engaged to plan Devonshire Windsor and a rental program has been initiated. It is anticipated that plans and leasing arrangements will be finalized permitting the commencement of construction during the early part of 1969. The scheduled opening of the shopping centre is August, 1970.

K mart Plaza, St. Catharines, Ontario

The Company has exercised an option to purchase 18.6 acres of land located on Ontario Street in the City of St. Catharines, Ontario. The Company has entered into a lease with S. S. Kresge Company, Limited for a combined department store and food store. The lease, which is for a period of 22 years, will yield an annual minimum rental of $258,000. The Company is currently negotiating with Eastern for the construction of this centre. It is anticipated that construction will commence before the end of 1968 and that the shopping centre will be in operation in June, 1969. In addition, the Company plans to construct another 15,000 square feet of retail and service stores and a program to lease this space is now in progress.

Belleville Option

The Company has an option expiring in February, 1969 to purchase a 15 acre parcel of land located on Highway No. 14 at the intersection of Highway No. 401 in Belleville, Ontario. The Company proposes to use this land for a community shopping centre and negotiations are proceeding with prospective major tenants.

Charlottetown Option

The Company also has an option to purchase 11 acres of land in Charlottetown, Prince Edward Island. The Company plans to construct a community shopping centre on this site and negotiations are proceeding with major tenants for leases.

Plan of Distribution

The shares offered by this prospectus are being purchased by Fry & Company Limited as underwriters from the Company at a price of $● ● ● per share pursuant to an agreement dated September ●, 1968 between Fry & Company Limited and the Company, payable in cash and subject to the terms and conditions set out in the agreement. In certain circumstances as fully described in the agreement, Fry & Company Limited has the right to withdraw from its obligation to purchase the shares but in no event may it purchase only part of the shares.

Capitalization

After giving effect to the issue of supplementary letters patent dated September 5, 1968 the capitalization of the Company is as follows:

Designation of Securities	Authorized	Outstanding May 31, 1968	Outstanding August 31, 1968	Amount outstanding August 31, 1968 adjusted for the shares hereby offered
LONG-TERM DEBT				
First mortgages on the Company's revenue-producing properties bearing interest at rates varying from 5¾% to 7⅝%, due in various years from 1983 to 1993 (1)		$14,044,516	$15,544,160	$15,544,160
First mortgage on vacant land 6% due 1975 (2)		400,000	50,000	50,000
First mortgage on Burlington Mall 8⅜% due 1997 (3)		Nil	4,000,000	4,000,000
Second mortgage 10½% due 1981 (4)		331,144	328,163	Nil
Notes: Dominion Stores Limited				
7% due 1968		200,000	Nil	Nil
8% due 1970 (5)		Nil	200,000	Nil
Eastern Construction Company Limited				
7% (demand) (6)		100,000	Nil	Nil
Shareholders 7% (demand) (6)		400,000	500,000	Nil
Total long-term debt		$15,475,660	$20,622,323	$19,594,160
CONSTRUCTION BANK LOANS (7)		$ 3,085,000	$ 700,000	$ 700,000
CURRENT BANK LOAN (8)		250,000	250,000	Nil
CAPITAL STOCK				
Shares without par value (9)	1,500,000 shs.	400 shs. ($400)	400 shs. ($400)	● ● ● shs. ($● ● ●)

NOTES TO CAPITALIZATION TABLE

(1) The outstanding balances of U.S. fund mortgages on four of the Company's properties totalling $U.S. 6,906,705 on May 31, 1968 have been expressed in Canadian funds at the rates of exchange prevailing when the funds were received. The difference in the rates of exchange prevailing when the funds were advanced and the rate of exchange at the date hereof is less than ½ of 1%.

(2) A partial discharge of the land mortgage on the Burlington Mall property was executed to permit the registration on the property of the first mortgage referred to in note (3). The balance of the land mortgage is secured by a first charge on approximately 7 acres of vacant land adjacent to the Burlington Mall property.

(3) The Company has a mortgage commitment from The Prudential Insurance Company of America in the principal amount of $7,000,000 of which $4,000,000 was advanced in June, 1968 and the balance will be advanced in January, 1969. The loan is secured by a first mortgage on 35 acres of the Burlington Mall property owned by the Company. Construction financing is being provided by the Company's Bankers.

(4) Part of the proceeds of the issue are being used to liquidate a second mortgage on the Company's Gateway Plaza property. The amount required to retire this mortgage will be $334,726 including a 2% pre-payment penalty.

(5) Part of the proceeds of the issue are being used to liquidate this note which is collaterally secured by a second mortgage on K mart Plaza, Windsor, Ontario.

(6) Pursuant to an agreement between the Company and certain shareholders the notes held by such shareholders will be converted into ● ● ● ● shares of the Company at a price of $● ● ● ● ● per share on the date on which the shares hereby offered are taken up and paid for by Fry & Company Limited.

(7) Construction bank loans are secured by an assignment of the proceeds of The Prudential Insurance Company of America mortgage on the Burlington Mall property.

(8) Part of the proceeds of the issue are being used to retire the current bank loan of $250,000.

(9) The supplementary letters patent dated September 5, 1968 decreased the authorized capital of the Company by cancelling the 3,000 unissued preference shares of a par value of $10 each and subdivided the 400 issued common shares without par value into 800,000 issued shares without par value and changed the 9,600 unissued common shares without par value into 700,000 unissued shares without par value.

Use of Proceeds

The net proceeds of \$ ● ● ● ● ● to be received by the Company from the sale of the 150,000 shares offered by this prospectus less expenses of issue estimated at \$22,000 will be used as to \$334,726 to retire a 10½% second mortgage on the Company's Gateway Plaza property, as to \$200,000 to liquidate an 8% note due in 1970 and as to \$250,000 to retire the current bank loan which was incurred for the purpose of providing funds for capital projects. The balance of the proceeds will be used to augment the Company's working capital.

Description of the Shares

General

The capital of the Company consists solely of shares without par value of the class being offered by this prospectus. The shares are entitled to dividends as and when declared by the board of directors; are entitled to one vote per share; are entitled, upon liquidation, to receive pro-rata such assets of the Company as are distributable to shareholders; and have no pre-emptive or conversion rights. The shares presently outstanding and the shares to be offered hereby are and will be fully paid and non-assessable.

Dividend Policy

The board of directors of the Company have not declared a dividend on the shares of the Company. While the board of directors will ultimately determine a dividend policy, in their opinion, a substantial portion of current earnings will be required for the support and expansion of the operations of the Company in the immediate future.

Prior Issues of Shares

On October 11, 1960, 198 common shares were allotted and issued as fully paid and non-assessable shares in the capital of the Company to each of Macstrum Co. Limited and Morris Investments Limited at the price of \$1 per share. Apart from such 396 common shares and the four common shares subscribed for and issued to its incorporators at a price of \$1 per share, the only other shares which have been subscribed for are referred to in Note (6) to the capitalization table on page 9.

Transfer Agent and Registrar

The transfer agent and registrar for the shares is The Canada Trust Company at its principal offices in the cities of Halifax, Montreal, Toronto, Winnipeg, Calgary and Vancouver.

Property

The Company has leased head office premises at 586 Ouellette Avenue, Windsor, Ontario consisting of a gross floor area of approximately 1,292 square feet, for a term of 5 years from December 1, 1965 at a rental of \$5,280 per annum.

Auditors

The auditors of the Company are Peat, Marwick, Mitchell & Co., Chartered Accountants, 33 University Avenue West, Windsor, Ontario.

Options to Purchase Securities

The Company proposes to establish an employee stock option plan and to reserve a maximum of 20,000 shares for issuance thereunder, of which 10,000 will be optioned to senior officers and employees at the price of \$ ● ● ● per share. Options for the balance will be granted from time to time in the discretion of the board of directors to key employees at prices not less than the market price of the shares at the time such option is granted.

Principal Holders of Securities

After giving effect to the supplementary letters patent of the Company dated September 5, 1968 the number of shares of the Company owned of record or beneficially, directly or indirectly, by each person or company who owns of record, or is known by the Company to own beneficially, directly or indirectly, more than 10% of such shares was as follows:

Name and Address	Designation of Class	Type of Ownership	Number of Shares owned	Percentage of Class
Macstrum Co. Limited, 2573 Airport Road, Windsor, Ontario.	shares without par value	of record and beneficially	399,998	50%
		beneficially	2	
Morris Investments Limited, 586 Ouellette Avenue, Windsor, Ontario.	shares without par value	of record and beneficially	399,996	50%
		beneficially	4	

By an agreement between the Company and certain shareholders of the Company, the notes held by such shareholders will be converted into • • • shares of the Company at a price of $ • • per share on the date on which the shares hereby offered are taken up and paid for by Fry & Company Limited.

All of the shares owned by Macstrum Co. Limited ("Macstrum") and Morris Investments Limited ("Morris") as stated above are and all of the • • • • • shares resulting from the conversion of notes referred to above will be subject to the terms of a Voting Agreement dated September 5, 1968 which prohibits the sale, transfer or other disposition of shares by the parties thereto if the effect of such sale, transfer or other disposition would be to reduce the combined holdings of Macstrum and Morris to less than 60% of the outstanding and issued shares in the capital of the Company. The Agreement also provides that all of the shares owned by Macstrum and Morris be voted as one block at all meetings of shareholders of the Company, and that all of the said shares be voted in favour of two nominee directors for Morris and one nominee director for Macstrum.

The agreement terminates on September 30, 1972 unless sooner terminated by the unanimous consent of the parties thereto.

The directors and senior officers of the Company do not own beneficially, directly or indirectly any shares in the capital of the Company. However, a majority of the outstanding and issued voting shares in the capital of Macstrum are owned by Louis Lawrence Odette and Edmond George Odette and their respective wives. The outstanding and issued voting shares of Morris are owned by Charles Tabachnick and Mortab Limited, a company controlled by Morris Tabachnick.

In the opinion of management, no person could be considered a promoter of the Company.

Management

Directors and Officers

The names and home addresses of the directors and senior officers of the Company and the offices held by each of them are as follows:

Name and Address	Office	Principal Occupation
Charles Lawrence Tabachnick, 3714 Victoria Boulevard, Windsor, Ontario.	President and Director	President, Cambridge Leaseholds Limited.
Morris Tabachnick, 3616 Church Street, Windsor, Ontario.	Director	President, Morris Investments Limited.
Edmond George Odette, 7555 Riverside Drive East, Windsor, Ontario.	Director	President, Eastern Construction Company Limited.

DONALD JAFFRAY WILKINS 64 Garfield Avenue, Toronto, Ontario.	Director	Chairman of the Board, Fry & Company Limited.
JAMES NOBLE BARTLET, Q.C. 2005 Willistead Crescent, Windsor, Ontario.	Secretary and Director	Partner, Messrs, Bartlet, Richardes, Knight & Wilson, Barristers and Solicitors.
DAVID ALBERT KING 1545 Ouellette Avenue, Apartment No. 1405, Windsor, Ontario.	Vice-President	Vice-President, Cambridge Leaseholds Limited.
RONALD GREGORY ELLINGWOOD, C.A. 2020 Willistead Crescent, Windsor, Ontario.	Treasurer and Assistant Secretary	Treasurer and Assistant Secretary, Cambridge Leaseholds Limited.

CHARLES LAWRENCE TABACHNICK has been associated with the Company since its incorporation in 1960 in various capacities including Treasurer, Vice-President, Executive Vice-President and General Manager. He assumed the position of President of the Company in August, 1968.

MORRIS TABACHNICK was President of the Company from 1960 until August, 1968.

DONALD JAFFRAY WILKINS became a director of the Company in September, 1968. He has been Chairman of the Board of Fry & Company Limited for 1½ years, prior to which, for at least 3½ years, he was President of Fry & Company Limited.

JAMES NOBLE BARTLET, Q.C. has been Secretary of the Company for the past 4 years and became a director in September, 1968. He has, for more than five years been a partner in the Windsor law firm of Bartlet, Richardes, Knight and Wilson, who are the general corporate solicitors for the Company.

DAVID ALBERT KING assumed the position of the Vice-President of the Company in August, 1968. Prior to that time he was employed by Simpsons-Sears Limited, acting as Staff Assistant to the Vice-President, Planning and Development having held that position since September, 1965.

RONALD GREGORY ELLINGWOOD, C.A., has been associated with the Company since its incorporation in various capacities including Comptroller and Assistant-Secretary before assuming his present office of Treasurer and Assistant-Secretary.

The other directors of the Company have for the past 5 years occupied the positions noted under the caption "Principal Occupations".

Remuneration

The aggregate direct remuneration paid to senior officers of the Company for the fiscal year ended May 31, 1968 was $87,915 and for the three months ended August 31, 1968 was $23,250. No remuneration has been paid to Directors of the Company for services as such.

No pension benefits have been paid to or provided for directors or senior officers of the Company.

Escrowed Shares

Morris Investments Limited and Macstrum Co. Limited have entered into an Escrow Agreement dated September ●, 1968 between themselves and The Canada Trust Company as Escrow Agent, which provides that at or before the closing of the underwriting of the shares offered hereby, they will each deposit 250,000 shares to be held in escrow with the Escrow Agent, until released from escrow at the end of a period of four years or upon the prior written consent of both the Securities Commissions of Ontario and Quebec, whichever shall first occur.

Interests in Transactions

No material transactions have taken place within a period of three years prior to the date of this prospectus or are proposed, in which any director or senior officer of the Company or shareholder of the Company named under the caption "Principal Holders of Securities", or any associate or affiliate of any such persons or companies, has had or will have an interest except as follows:

1. E. G. Odette who is a director of the Company is a director and officer of Eastern which company has acted as the general contractor for substantially all of the construction required by the Company. Since September, 1965, Eastern has built for the Company the following shopping centres:

Shopping Centre	Location	Contract Price
K mart Plaza	Moncton, N.B.	$1,325,000
Steinbergs	Windsor, Ont.	2,445,000
K mart Plaza	Ottawa, Ont.	1,313,000
K mart Plaza	Fredericton, N.B.	1,170,000
Burlington Mall	Burlington, Ont.	5,630,000

The Company is currently negotiating with Eastern for the construction of K mart Plaza, St. Catherines, Ontario.

2. Charles Tabachnick and Morris Tabachnick, who are directors and officers of the Company, are also directors of Regional and are directors, officers and/or shareholders of Morris which owns the controlling interest in T.K.E. Development Limited ("T.K.E."). T.K.E. is the owner of all of the 400 issued and outstanding common shares of Regional. Charles Tabachnick, R. G. Ellingwood and D. A. King, who are officers of the Company are also shareholders of T.K.E. The Company has agreed to purchase from T.K.E., 200 of the said shares of Regional on the date on which the shares hereby offered are taken up and paid for by Fry & Company Limited, for a total price of $200. The remaining 200 issued and outstanding common shares of Regional are under option to an independent party.

3. The Company has entered into the agreement with Regional referred to under the caption "Devonshire Windsor".

4. Donald Jaffray Wilkins, a Director of the Company, whose address is set out under the caption "Management", is a director, officer and shareholder of Fry & Company Limited, Toronto-Dominion Centre Toronto and as such has an interest in the agreement made between the Company and Fry & Company Limited referred to under the caption "Plan of Distribution".

Material Contracts

The Company, since its incorporation, has entered into numerous contracts in the ordinary course of its business relating to the construction, mortgaging, operation, management and leasing of various types of shopping centres and for services incidental to the operation thereof.

The Company has also entered into the following material contracts within the two years preceding the date hereof:

(1) Underwriting Agreement dated September ●, 1968 and referred to on page 8 of the prospectus.

(2) Agreement between the Company and Regional dated August 28, 1968 and referred to on page 7 of the prospectus.

Copies of the above agreements may be inspected during ordinary business hours at the head office of the Company at 586 Ouellette Avenue, Windsor, Ontario during the course of primary distribution to the public of the securities offered by this prospectus and for a period of 30 days thereafter.

CAMBRIDGE LEASEHOLDS LIMITED

Balance Sheet and Pro Forma Balance Sheet

May 31, 1968

The Pro Forma Balance Sheet gives effect to the transactions set out in Note 1.

Assets

	Actual	Pro Forma
CURRENT ASSETS:		
Cash	$ 22,921	●
Receivables:		
General—less allowance of $4,062	46,796	46,796
Expropriated land (note 2)	69,744	69,744
Sale agreement	142,935	142,935
Total receivables	259,475	259,475
Deposits and prepaid expenses	332,757	332,757
Total current assets	615,153	●
PROJECT UNDER CONSTRUCTION, at cost (note 3)	3,359,144	3,359,144
REVENUE-PRODUCING PROPERTIES, at cost less depreciation and amortization (note 4)		
Buildings and site-work	14,623,619	14,623,619
Deferred development expenses	768,432	768,432
Equipment	58,999	58,999
	15,451,050	15,451,050
Less accumulated depreciation and amortization	581,871	581,871
	14,869,179	14,869,179
Land	2,495,636	2,495,636
	17,364,815	17,364,815
	$21,339,112	●

Liabilities and Shareholders' Equity

	Actual	Pro Forma
CURRENT LIABILITIES:		
Bank loan, secured	$ 250,000	—
Accounts payable and accrued liabilities	46,999	46,999
Taxes payable, other than on income	370,191	370,191
Long-term debt due within one year	367,400	375,700
Total current liabilities	1,034,590	792,890
CONSTRUCTION INDEBTEDNESS:		
Bank loans, secured	3,335,000	1,845,000
Less included in current liabilities	250,000	—
Construction bank loans (note 5)	3,085,000	1,845,000
Construction accounts payable	1,496,947	1,496,947
	4,581,947	3,341,947
LONG-TERM DEBT (note 6)	15,108,260	15,308,816
SHAREHOLDERS' EQUITY:		
Capital stock (note 7):		
Preference shares	—	—
Common shares	400	●
Retained earnings	613,915	●
Total shareholders' equity	614,315	●
Contingent liability (note 8)		
	$21,339,112	●

Approved on behalf of the Board:

(Signed) CHARLES L. TABACHNICK, Director (Signed) EDMOND G. ODETTE, Director

(See accompanying notes to financial statements)

CAMBRIDGE LEASEHOLDS LIMITED

Statement of Earnings and Retained Earnings

For the five years ended May 31, 1968

	1964	1965	1966	1967	1968
REVENUE:					
Rentals from revenue-producing properties	$747,350	966,441	1,093,397	1,605,994	2,112,046
Commissions	51,375	—	18,725	5,000	—
	798,725	966,441	1,112,122	1,610,994	2,112,046
EXPENSES:					
Operating costs of revenue-producing properties	212,044	260,969	272,632	412,161	571,351
General and administrative	64,392	89,356	120,134	138,214	148,874
Forfeited land options	11,848	7,947	11,748	32,221	9,562
	288,284	358,272	404,514	582,596	729,787
Earnings from operations before interest, depreciation and amortization	510,441	608,169	707,608	1,028,398	1,382,259
INTEREST:					
Long-term debt	326,615	434,420	472,242	741,346	961,303
Other	60,730	66,713	117,348	131,119	88,666
	387,345	501,133	589,590	872,465	1,049,969
Less interest charged to projects	(35,845)	(57,871)	(83,287)	(116,394)	(57,645)
	351,500	443,262	506,303	756,071	992,324
Depreciation (note 4)	66,036	80,256	83,223	123,400	170,038
Amortization of deferred development expenses (note 4)	14,292	17,048	17,554	25,751	34,980
	431,828	540,566	607,080	905,222	1,197,342
Net earnings from operations	78,613	67,603	100,528	123,176	184,917
....Gain (loss) on disposal of properties	—	(12,453)	—	—	87,185
Net earnings for the year (note 9)	78,613	55,150	100,528	123,176	272,102
Retained earnings (deficit) beginning of year	(15,654)	62,959	118,109	218,637	341,813
Retained earnings end of year	$ 62,959	118,109	218,637	341,813	613,915

(See accompanying notes to financial statements)

Notes to Financial Statements

May 31, 1968

1. The pro forma balance sheet gives effect, as at May 31, 1968, to the following:

(a) The issue of Supplementary Letters Patent to:
- (i) convert the company to a public company.
- (ii) cancel the 3,000 unissued preference shares of a par value of $10 each.
- (iii) subdivide the 400 issued common shares without par value into 800,000 issued shares without par value.
- (iv) change the 9,600 unissued common shares without par value into 700,000 unissued shares without par value.

(b) Transactions subsequent to May 31, 1968:
- (i) the issuance of a $200,000 8% note due in 1970 to Dominion Stores Limited to replace the $200,000 7% note due in 1968.
- (ii) the receipt of $1,590,000 secured by a first mortgage on the K mart Plaza, Fredericton, New Brunswick was applied to reduce construction bank loans.
- (iii) the prepayment of $350,000 principal amount due in 1970 of the $400,000 6% first mortgage on vacant land due in 1975, out of additional construction bank loans.
- (iv) the repayment of the $100,000 7% demand note payable to Eastern Construction Company Limited and the receipt of $100,000 from a shareholder for which a $100,000 7% demand note was given.

(c) The issue and sale of ● shares at $● per share for a total net cash consideration of $● after payment of the underwriter's commission of $●.

(d) The issue and sale of ● shares at $● per share in full payment of the indebtedness to certain shareholders of $500,000.

(e) The application of the net proceeds in (c) above, aggregating $●, as follows:
- (i) repayment of the 10½% mortgage loan in the principal amount of $331,144 and a pre-payment penalty of $6,563.
- (ii) repayment of the $200,000 8% note (see note 1(b)(i) above).
- (iii) retirement of current bank loans of $250,000.
- (iv) the addition of $● to cash.

(f) The charge to retained earnings of the underwriter's commission of $●, of the pre-payment penalty of $6,563 and of other expenses of the issue estimated at $22,000.

2. The amount receivable on land expropriated at Transcona (Winnipeg), Manitoba represents the total of costs incurred to May 31, 1968 less $100,000 received as partial payment of an expropriation award of $175,000 made by the Metropolitan Corporation of Greater Winnipeg. Final settlement in this regard is subject to negotiations in progress at the present time.

3. The Company had an outstanding capital commitment at May 31, 1968 of approximately $4,070,000 with respect to the shopping centre under development at Burlington, Ontario.

4. Depreciation is calculated on a sinking fund method based on an estimated useful life of thirty-five years for each shopping centre developed and writes off the cost of the building and site work in a series of annual instalments increasing at the rate of 5% compounded annually.

Deferred development expenses are amortized over a twenty year period.

5. Construction bank loans represent interim financing with respect to projects at Fredericton and Burlington. The Company holds commitments from lending institutions to provide first mortgage loans on these two projects for $1,590,000 and $7,000,000 respectively. The Fredericton loan bears interest at 7⅝% and matures in 1993; loan proceeds were received prior to August 31, 1968 and are included in 1(b)(ii) above. The Burlington loan bears interest at 8⅜% and matures in 1997; proceeds of this loan have been assigned to the bank as security for advances.

6. Long-term debt:

	Total principal — Actual	Total principal — Pro Forma
Mortgages:		
Due in 1975, bearing interest at 6% payable $350,000 in December, 1970, and $10,000 in each of the years 1971 to 1975	$ 400,000	$ 50,000
Due in 1981, bearing interest at 10½%	331,144	—
Due in various years from 1983 to 1993, bearing interest at rates varying from 5¾% to 7⅝%	14,044,516	15,634,516
	14,775,660	15,684,516

	Total principal	
	Actual	Pro Forma
Notes:		
7% demand notes		
Shareholders	400,000	—
Eastern Construction Company Limited	100,000	—
7% note due 1968, secured by a collateral first mortgage on vacant land (note 1(b)(i))	200,000	—
	700,000	—
Total long-term debt	15,475,660	15,684,516
Less mortgage principal due within one year	367,400	375,700
	$ 15,108,260	$15,308,816

Mortgage principal payments due during the fiscal years 1970 to 1973 inclusive are as follows:

	Actual	Pro Forma
1970	$391,300	$401,800
1971	766,900	427,700
1972	454,100	465,400
1973	483,200	494,800

Mortgages payable in U.S. funds totalling $6,906,705 have been expressed in Canadian funds at the rates of exchange prevailing when funds were received. The portion of principal payments due within five years applicable to these mortgages has been expressed in Canadian funds at the rate of exchange on May 31, 1968.

7. Capital stock:

Actual:		
6% non-cumulative, redeemable, preference shares of $10 par value. Authorized 3,000 shares; none issued	$ —	—
Common shares of no par value. Authorized 10,000 shares, not to exceed $10,000; issued 400 shares	400	—
Pro Forma:		
Shares of no par value. Authorized 1,500,000 shares, not to exceed $15,000,000; issued ● shares	—	●
	$ 400	●

8. The company is contingently liable as mortgagor on mortgages on properties previously owned by the company, payment of which has been assumed by the purchasers. The liability secured by these mortgages amounted to approximately $972,000 at May 31, 1968.

9. The treatment for tax purposes of deferred development expenses and depreciation differs from the company's accounting treatment. Depreciation and amortization are recorded as set out in Note 4. Deferred development expenses, claimed for tax purposes in the years incurred, exceed in total the amortization recorded in the accounts by approximately $900,700, while the accumulated depreciation recorded in the accounts exceeds the total capital cost allowance claimed for tax purposes by approximately $317,300. For the reason set out above no income taxes are currently payable; however were the company to provide in its accounts for income taxes determined by reference to the amount of net earnings reflected in the statement of earnings, income taxes and net earnings for the five years ended May 31, 1968 would have been as follows:

	1964	1965	1966	1967	1968
Net earnings per statement	$78,613	$55,150	$100,528	$123,176	$272,102
Income taxes	33,300	20,000	47,800	62,600	88,900
Net earnings	$45,313	$35,150	$ 52,728	$ 60,576	$183,202

Certificates

Dated: September 5, 1968

Company

The foregoing constitutes full, true and plain disclosure of all material facts relating to the securities offered by this prospectus as required by Part VII of the Securities Act, 1967 (British Columbia) and the regulations thereunder, by Part 7 of The Securities Act, 1967 (Alberta) and the regulations thereunder, by Part VIII of The Securities Act, 1967 (Saskatchewan) and the regulations thereunder, by Part VII of the Securities Act, 1966 (Ontario) and the regulations thereunder, by the Quebec Securities Act and by section 13 of the Securities Act (New Brunswick).

(Signed) CHARLES L. TABACHNICK
Chief Executive Officer

(Signed) RONALD G. ELLINGWOOD
Chief Financial Officer

On behalf of the Board

(Signed) EDMOND G. ODETTE

(Signed) DONALD J. WILKINS

Directors

CHARLES LAWRENCE TABACHNICK

EDMOND GEORGE ODETTE

MORRIS TABACHNICK

JAMES NOBLE BARTLET

DONALD JAFFRAY WILKINS

Underwriter

To the best of our knowledge, information and belief, the foregoing constitutes full, true and plain disclosure of all material facts relating to the securities offered by this prospectus as required by Part VII of the Securities Act, 1967 (British Columbia) and the regulations thereunder, by Part 7 of The Securities Act, 1967 (Alberta) and the regulations thereunder, by Part VIII of The Securities Act, 1967 (Saskatchewan) and the regulations thereunder, by Part VII of the Securities Act, 1966 (Ontario) and the regulations thereunder, by the Quebec Securities Act and by section 13 of the Securities Act (New Brunswick). In respect of matters which are not within our knowledge, we have relied upon the accuracy and adequacy of the foregoing.

FRY & COMPANY LIMITED

By: (Signed) DONALD J. WILKINS

The following are the names of all persons having an interest, directly or indirectly, to the extent of not less than 5% in the capital of Fry & Company Limited: D. W. Clarke, A. W. Howe, C. W. Goldring, R. J. Lawrence, W. A. Manford, W. R. McKeown, W. G. Reid and D. J. Wilkins.